

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to establish
the California Institute for Climate
Solutions.

Rulemaking 07-09-008
(Filed September 20, 2007)

**COMMENTS OF MERCED IRRIGATION DISTRICT
AND MODESTO IRRIGATION DISTRICT REGARDING
DRAFT PROPOSED DECISION ESTABLISHING A
CALIFORNIA INSTITUTE FOR CLIMATE SOLUTIONS**

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March 3, 2008

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Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission or CPUC), Merced Irrigation District (Merced ID) and Modesto Irrigation District (Modesto ID, together, the Districts) file these Comments Regarding Draft Proposed Decision Establishing a California Institute for Climate Solutions (Proposed Decision).

1. Introduction and Summary of Position.

As noted in prior filings in this proceeding, the Districts agree with the Commission that climate change is a critical environmental challenge. Merced ID and Modesto ID are committed to working toward reducing greenhouse gas (GHG) emissions and are active participants in the pending CPUC, California Energy Commission (CEC) and California Air Resources Board (CARB) GHG-related proceedings.

With respect to the proposed California Institute for Climate Solutions (CICS or Institute), a primary concern of the Districts is that the work of the CICS not duplicate other climate change efforts that have been or currently are being funded or performed by other entities or through other programs. The Proposed Decision appropriately establishes as “the first priority of the Institute the development of a Roadmap that will begin with an inventory of publicly-funded climate change-related research and education efforts,” which inventory “should ensure that there is no duplication of efforts of or unnecessary expenditure of ratepayer or public funds.”¹

¹ Proposed Decision, p. 8.

The Proposed Decision also determines it is appropriate to “establish the framework for the Institute” now, in advance of “collective state-wide action.”² The Districts request that the Proposed Decision be modified to provide that any framework that is adopted for the Institute now will be flexible and subject to modification to account for changes resulting from subsequent collective state-wide or other action, including changes in funding sources.

2. *The Framework for the Institute Must Be Flexible.*

In recognition of the “urgency of the [climate change] issue,” the Proposed Decision provides that there is “no need, however, to wait for collective state-wide action to establish the framework for the Institute and authorize funding” and that “the time for action is now.”³ Accordingly, the Proposed Decision finds that “it is appropriate to use ratepayer monies to fund the CICS.”⁴ However, the Proposed Decision also states that “[i]n order to leverage the initial funding and to spread the burden of the costs associated with the funding of the Institute, we include among the central duties of both the Institute Director and the executive committee of the Governing Board the solicitation of additional funds from non-ratepayer sources.”⁵

If the Institute succeeds in obtaining additional funds from non-ratepayer sources, related changes to the framework will be required. For example, the Proposed Decision indicates “that there should be a strong preference for research that is relevant to ratepayers” and requires “that Institute staff compile and attach an index to the Roadmap that will identify and rank areas of ratepayer benefit.”⁶ The “ratepayer benefit index” will then “inform the entire grant process.”⁷

The Districts do not dispute that the ratepayers who will be funding the Institute should be the focus of any benefits resulting from Institute work. However, as parties have pointed out, “since climate change is a global problem with global impacts,” the benefits resulting from the Institute’s work will naturally accrue to a much broader population than IOU ratepayers.⁸ It serves no purpose to artificially narrow those benefits. Accordingly, if the Institute does obtain funding from sources in addition to ratepayers, the Commission should provide for revision of

² Proposed Decision, p. 17.

³ Proposed Decision, p. 17.

⁴ *Id.* at 16.

⁵ *Id.* at 17.

⁶ Proposed Decision, p. 16.

⁷ *Id.* at 17, 35.

⁸ Proposed Decision, p. 14.

the benefit index and that the benefits of the Institute will also accrue to those additional funding sources.

Other aspects of the framework may also require modification if additional funding sources are identified. The governance structure will likely need to be modified to ensure *all* funding sources are adequately represented.⁹ Gas used for electricity generation supplied to *all* customers responsible for funding the Institute should be exempt from an Institute charge to ensure no electric consumers are charged twice for the costs of the Institute.¹⁰ Additional funding sources should be represented on the Technology Transfer Subcommittee.¹¹ Further modifications may be required if the Institute succeeds in obtaining additional funds from non-ratepayer sources, or to address other Institute changes that may occur after a decision is issued in this proceeding.

Accordingly, the District urges the Commission to modify the Proposed Decision to make clear that any framework that is adopted for the Institute now is flexible and subject to modification to account for changes resulting from subsequent collective state-wide or other action, including changes in funding sources. Proposed findings of fact and ordering paragraphs are included as Attachment A hereto.

3. Conclusion.

The Districts support the development of an inventory of publicly-funded climate change-related research and education efforts as “the first priority of the Institute” to ensure the Institute does not result in duplication of efforts of or unnecessary expenditure of ratepayer or public funds.

The Proposed Decision explains why the Commission believes it is appropriate to “establish the framework for the Institute” now, in advance of “collective state-wide action.”¹² In order not to artificially constrain the Institute, the Districts request that the Proposed Decision

⁹ See, e.g., Post-Workshop Comments of Merced ID and Modesto ID, pp. 2-3.

¹⁰ Proposed Decision, p. 20.

¹¹ *Id.* at 51.

¹² Proposed Decision, p. 17.

be modified to provide that any framework that is adopted for the Institute now will be flexible and subject to modification to account for changes resulting from subsequent collective state-wide or other action, including changes in funding sources.

The Districts appreciate the Commission's consideration of these comments.

DATED: March 3, 2008

DAY CARTER & MURPHY LLP

By: /s/ Ann L. Trowbridge
Ann L. Trowbridge

ATTACHMENT A

Proposed Findings of Fact

- New Finding of Fact: Confronting climate change is the preeminent environmental challenge of our time.
- New Finding of Fact: In order to address the climate change challenge, the Commission proposes to establish the framework for the Institute in advance of any collective state-wide action.
- New Finding of Fact: The framework that is adopted here for the Institute is flexible and subject to modification to account for changes resulting from subsequent collective state-wide or other action, including changes in funding sources.

Proposed Ordering Paragraphs

- New Ordering Paragraph: If collective state-wide or other action, including changes in funding sources, occurs after this decision is issued, the Commission shall expeditiously initiate a process for modifying the framework for the Institute to accommodate such subsequent actions.

CERTIFICATE OF SERVICE

I, Paula S. Hefley, hereby certify that I served a copy of the Comments of Merced and Modesto Irrigation Districts Regarding Draft Proposed Decision Establishing a California Institute for Climate Solutions on March 3, 2008, on all known parties to Service Lists for R.07-09-008 via electronic mail to those whose addresses are available and via U.S. mail to those who do not have an electronic address.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on this 3rd day of March, 2007, at Sacramento, California.

/s/ Paula S. Hefley

PAULA S. HEFLEY

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